PGDM-2013-15 Batch

Managing People and Performance in Organizations
DM-423
Mid-Term Examination

Trimester – IV, End-Term Examination: September 2014

Time allowed: 2 hrs 30 min **Max Marks: 50**

Roll No: ____________

Instruction: Students are required to write Roll No on every page of the question paper, writing anything except the Roll No will be treated as **Unfair Means.** In case of rough work please use answer sheet.

Section- A

Write Short Notes on any THREE out of the Following Questions. Each question carries 5 Marks.

Marks: *3*5 = 15*

A 1. Appeal Process
A 2. Competency Based Performance Assessment
A 3. Coaching Vrs. Mentoring
A 4. Normalization Process & Bell Curve
A 5. Role of HR Department in PMS

Section- B

Answer any TWO of the Following Questions. Each Question carries 10 Marks.

Marks: *2*10 = 20*

B 1. Describe salient features of Balanced Scorecard. Critically analyze its use for performance management in corporate organizations with suitable examples.

B 2. Explain the importance of communication plans in Performance Management System. Suggest a Communication Plan for implementation of PMS in a Retail Company having 75 Retail Outlets at different rural and urban locations in India..

B 3. What are the possible Rating Errors in PMS? What are the steps that you would like to take to minimize them in a company of your choice?

Section- C : Compulsory Case Study *(15 Marks)*

Analyse the Case (see the attachment) and answer the following questions:

C 1.To what extent the Performance Management Practices in TSC are justified or unjustified?

C 2 . How do the work processes in TSC impact PMS? Suggest what should be done to avoid the problems being faced at TSC.

CASE

Project CARE*

It was the afternoon of 15 January 2012, and yet the temperature inside the office of Technology Services Corporation (TSC), Noida, was soaring high. Ms. Neelam Gill, Head of HR for India, Mr. Vishwanathan Shankar, the Business Head of the largest project of TSC, 'CARE' were in the firing line of Managing Director, TSC India operations, Mr. Christopher Brown. The largest client 'CARE' had threatened to take back the project due to inconsistency in performance and the training SLAs not being met. At risk was not only the project, but a hit to reputation in the market which would be difficult to wash away. The fear of liquidated damages was another factor. Mr. Brown wanted to know how this situation emerged and who was responsible for this mess.

History of Technology Services Corporation

TSC was one of the world leaders in the IT and professional services industry. The company was founded in the late 1950s in the USA by two amateur programmers who correctly gambled on IT services rather than on manufacturing. They initially started with developing accounting software for small firms. Late 1950s, they shifted to development of system software for different computer manufacturers. By 1960s, TSC shifted from serving manufacturing companies to servicing user organizations, providing integrated computing and communication services. Acquisitions of small players in this niche market provided technical competencies and allowed them to scale up and become the leading provider of IT services, in terms of customized software and integrator of different software, hardware and communication systems.

From 1960s to 1980s, TSC grew aggressively by acquiring companies in Canada, Europe and Australia. It had grown to provide management consultancy along with technical services, and later on started providing outsourcing services to countries in western hemisphere. It has now located in 75+ countries with more than 100,000 employees.

TSC's India operations began in 1991. From that point in time, it had grown to become one of the top 10 IT services firms in India, offering IT services ranging from cloud computing, cyber security, mobility, applications and infrastructure management, to business and technology consulting, systems integration and industry-specific solutions. It has more than 25,000 professionals in locations in Bengaluru, Chennai, Indore, Hyderabad, Mumbai and Noida.

Organizational Structure

TSC, India was so structured so that it could scale up (or down) based on business requirements (see Figure C2.3 for organizational structure; given the large number of business units only a sample has been shown; at the time the case was written, there were 14+ business units). The critical staff functions—Finance, HRM, Information Services and Internal Audit—were treated as permanent departments. As new accounts were added on, a separate unit was added on with a Business Head taking care of the unit and reporting directly to Managing Director, Mr. Brian. Within each unit, there

2

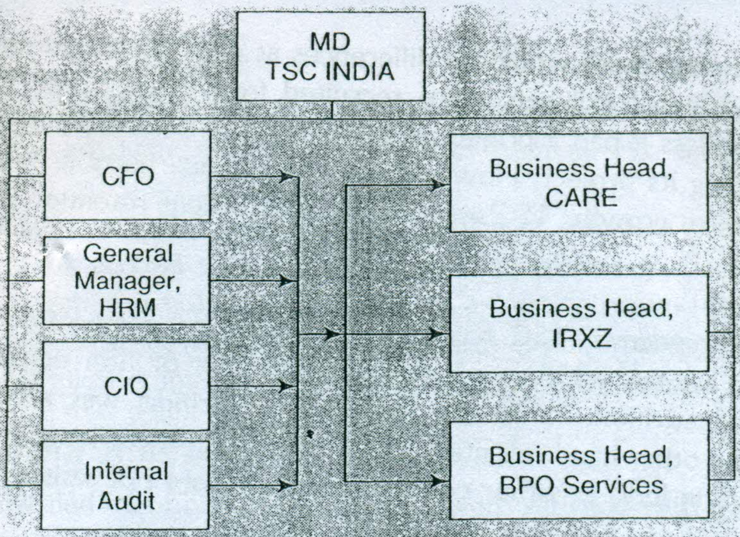

FIGURE C2.3 Organizational structure, TSC India

would be a full fledged hierarchy of Project Managers, Project Leads, Programmers and Associates. While this was the typical hierarchy in each unit, there were variations in certain projects, subject matter experts were hired as consultants. The exact details of employees working in each unit and the hierarchy were different for each unit, as the details were customised so as to provide the best service to the client.

The permanent support departments had their own internal hierarchy. For example, HRM had its sub-functions—Recruitment and Selection, Learning and Development, Performance Management, etc. The same was there for other supporting departments. See Figure C2.4 for internal structure of HRM department.

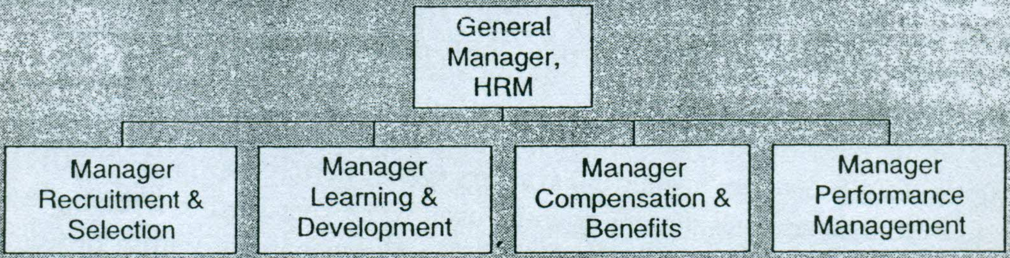

FIGURE C2.4 Internal structure of HRM, TSC India Operation

Sometimes it was necessary to close down a unit due to client shifting its operations to other service providers. In such circumstances, the unit could be closed without spill over of the problem to other units. For smaller clients, BPO unit had different sub-units internally.

In such a structure, the permanent departments had to provide support to the business units, and were treated like internal service providers. In fact, the success of the business units was significantly dependent on the quality of services provided by the permanent departments. As each business unit had to align its work towards its client's requirements, each of the permanent department had to work with the business head and create customised solutions for each business unit. For example, the HR practices of CARE unit would be significantly different from that of IRXZ. Even in terms of employee salaries and benefits, there would be differences as each client had its own project complexity based on which different skill-sets were recruited from the market. TSC tried to avoid maintaining a bench and unless it had a project in the pipeline, it preferred to let employees go in case of a client withdrawing its project. However, such a practice hurts its reputation as an employer. Hence, for long-term growth, TSC wanted to ensure client retention at all costs.

Internal Problems

While from a business perspective, TSC has been expanding on a steadfast spree, the internal systems within TSC India are not yet streamlined leading to a lot of inter department conflict, low employee satisfaction and attrition. While on one hand TSC, India was acquiring a lot of new projects/businesses, on the other hand retention of old clients was a challenge. Clients were moving to other service providers in India or other countries as they were not satisfied with the quality of services.

There was a lot of inter department conflict as the supporting departments had to work together to develop internal support systems for large number of business units. Employees of the older business often felt that the employees of newer units were given special treatment due to newer employees being on higher salaries.

For newer projects, certain clients were explicitly asking for training to be provided on client specific tools and technologies to outsourced firms. Earlier, training for client's requirements was considered a given. However, there had been cases where fresh employees had been put on projects. Even when experienced employees were provided, the employees had worked for a different client with different processes and systems. The failures of outsourcing had made some of the clients ask for customised training along with their own certification tests. Only those employees who cleared those tests could work on the client's project.

An example is given to clarify. For example, the CARE project came with the requirements of training to be provided. This required the HRM department of TSC to train employees of CARE business unit as per the guidelines given by CARE. The employees would then have to clear the certification of CARE before being put on the CARE project.

Problems in CARE Project

For managing the CARE project, around 30 trainers were recruited in Jan/Feb 2011 and made the employees of CARE business unit. Earlier trainers used to be recruited to Training vertical of HRM. Now they had to report to Business Head CARE, Mr. Vishwanathan, with a dotted line reporting to Manager (Learning and Development). The trainers hired for CARE had rich experience and were already certified trainers on critical technologies. However, they were again trained at TSC's expense for CARE. TSC spent nearly $5000 for the Lead Trainer, Ms. Sangeeta, and it was expected she would train other trainers.

The Not so Happy New Year

The New Year had just begun. The Head of HR for India, Neelam Gill, was all smiles after a long annual vacation. Before leaving she had a pre-New Year get-together with her managers. Her New Year mood was abruptly broken due to a meeting called by Mr. Bown, MD, India.

CARE had threatened to take back the project due to inconsistency in performance and the training SLAs not being met. The attrition in the CARE project had reached a peak of 15% and the attrition of the trainers in CARE had reached 25% in the last month. Neelam was blaming the

Business for not being able to hold their employees, while Vishwanath was blaming the Training team for not being able to provide adequate support in terms of training. Ms. Sangeeta had already resigned in December.

One of the most critical SLAs in CARE business was training of software professionals in both behavioral and technical. It took around six months for each employee to be trained, and then certified. However, the organization was becoming more of a training ground for the employees. The employees would get certified and then leave for bigger names and brands. This was becoming a problem of not only the technical employees, but more so, of the trainers as well.

Performance Management Appraisal

Exit interviews of trainers revealed that none of the trainers were satisfied with their appraisal. The methodology used was an appraisal form which they saw for the first time after a year, at the time of annual appraisal in December 2011. The appraisal form used for them was the same that was used for technical employees in CARE unit. There was no goal setting and expectation setting done for them at the start of the fiscal year. For the entire one year, they only had Ms. Sangeeta as de facto supervisor who guided them and allocated them responsibilities.

When Sangeeta, the lead trainer of CARE was appraised, she had no clue who had appraised her and on what basis. All she knew was that single-handledly she looked after the CARE team of employee strength of 800 plus in multiple locations, she was given an 'average' rating while the other HR employees in other verticals of HRM department were given an average rating of 'good' and higher. When she went to Neelam for a feedback on the same, Neelam told her she was busy with important client and leadership meetings. The average rating for trainers in CARE was 'average'. All through the year the trainers worked like headless chickens and were trying their best to cope with the stress of doing 30 hours of training in a week, that too in a new unit without its systems and processes.

The trainers heard from informal quarters that they were rated average since Mr. Vishwanathan had no idea of their performance, and he had given the job to Ms. Neelima. Ms. Neelima had passed on the job to Manager Performance and Appraisal, who had given the average rating. One rumour that was floating around was that no one in HR could see them around and their work was not visible. They had put in 30 hours of class room training so they were not available on shop floor!

With Sangeeta having left, the other trainers were just waiting for getting jobs outside. There was no motivation in the training team of CARE. The trainers did not get any support from either the business head or their department head. By end of December, a significant number of trainers of CARE unit had quit and joined competitors.

On the other hand in CARE unit, campus recruits needed a lot of handholding, experienced people who needed regular trainings in soft skills, middle management people who were given supervisory roles without being trained on management skills. They were appraised both by their immediate supervisors as well as the client. The client rated them on number of hours spent in training too. The training parameter took a hit in the last quarter due to lesser number of training. The technical employees saw their bonus going down due to low rating from client. This they attributed to lack of training which TSC was supposed to provide to meet CARE's SLAs. Thus, January saw the high performing ones, especially at lower levels, quitting. Even the low performers who became low due to lack of training, but were good on technical skills found attractive offers.

This attrition of both the trainers and trained technical resources from CARE had alarmed the client. The issue was now an alarming one, as the MD got the news that client had put TSC, India operations on watch mode and was scouting for a new service provider.